



STATE BOARD OF EQUALIZATION

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January 8, 1982

No. 82/6

TO COUNTY ASSESSORS:

COLLEGE EXEMPTION, SEMINARIES AND STUDENT HOUSING

It has come to our attention that some seminaries are filing for and receiving the welfare exemption when in fact the college exemption is appropriate. Questions have also been asked concerning the exemption of college housing.

Under the provisions of Section 203 of the Revenue and Taxation Code, the entity is a college when it requires for regular admission the completion of a four year high school course or its equivalent and confers upon its graduates at least one academic or professional degree based on a course of at least two years in liberal arts and sciences or on a course of at least three years in professional studies such as law, theology, education, medicine, dentistry, engineering, veterinary medicine, pharmacy, architecture, fine arts, commerce or journalism. Once you have classified the institution as a college then all of its property reasonably used for that purpose is entitled to the college exemption.

As for the question of housing, property used exclusively for the purposes of education as contemplated by the tax exemption provision of California Constitution Article XIII, Section 3(e) and Section 203 of the Revenue and Taxation Code includes any facilities reasonably necessary to the fulfillment of a generally recognized function of a complete modern college (The Church Divinity School of the Pacific vs County of Alameda, 152 Cal. App. 2d 496). This would include housing for students, faculty, administrators, and guests, such as speakers and parents of students.

On occasion, schools will acquire an existing apartment complex and students move in as existing tenants leave. Those portions or units of such apartment complexes which are occupied by tenants not connected with the college would not be afforded the exemption. The exempt portions would be segregated out in some logical way and the balance taxed.

The extent to which the property would enjoy the college exemption would be measured as viewed on the lien date, and any change in the use

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of the property between lien dates would not affect the exemption. A unit which was converted to college use between lien dates would not enjoy a property tax exemption until the following lien date.

While seminaries not meeting the above criteria would not qualify for the college exemption they may be eligible for the welfare exemption.

Welfare exemption claims filed for seminary and novitiate type activities are identified as class code A-10 on the welfare exemption finding sheet, AH 267G. In 1981, 87 such claims with 182 properties were filed statewide. Please review such claims in your county to insure that the correct claim forms are filed for 1982.

If you have any questions regarding this subject, please contact Bill Minor, Vance Price, or Bill Grommet at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:dw